

COVID-19

Group Update

Dear all,

As the situation continues to evolve so is our understanding of the decisions being taken by Governments across the world. This is a very fluid situation and we are doing our best to balance all priorities: first and foremost to protect you, our people by following advice and guidance from Governments in the countries we operate and then recognising the needs of our consumers so that we protect our business for the future.

So, what do we know at this stage: -

1. **Working from Home:** All Governments are reinforcing the message that anyone who can work at home, should work at home with the objective of minimising non-critical movement. As we at Colart move into at least three weeks of this arrangement it is good to know that remote working is in full swing with active engagement within each team and our tool - Microsoft Teams appearing to successfully facilitate this connectivity.
2. **Site Closures:** Right from the early days of our experience in China we are following our understanding of Government direction with respect to the closure of DC and Manufacturing operations knowing that ensuring the safety of people is at the forefront of decision-making.

Following the UK Government guidance at the beginning of last week which resulted in the closure of all operating units, the advice has since been revised to allow the continuation of DC operations providing safety protocols (including social distancing and avoidance of public transport) can be maintained. With this change we plan to resume restricted activities at Kidderminster with a skeleton team with immediate effect. At this stage, Minehead and Lowestoft will remain closed until we can find ways of ensuring social distancing between people.

In terms of Le Mans, whilst the French Prime minister communicated the decision to extend confinement impacting the closure of all non-essential services from 1 April for an additional two weeks, the focus is very much on the hot spots in France. Fortunately, the area around Le Mans is not in this category so we are starting to consider and plan a phased and controlled resumption of activities in line with the approach taken in Tianjin.

3. **Consumer Demand:** What is clear is that the demand for our products across our main regions continues and we are experiencing a lot of frustration and questioning from customers as our approach is different to other companies in our sector. Whilst it is our mission to provide creative tools to our customers and consumers, we will ensure this is not at the expense of safety of people at Colart. The commercial team is working hard to partner with customers to ensure smooth receipt of orders in line with service capabilities.
4. **Government Financial Support:** The arrangements for financial support in each country for those people unable to work is now becoming clear. The mechanics for reimbursement to Colart is yet to be clarified though limits to the financial support available is clear in each country. For this reason, Colart's ability to sustain full pay will also be limited and we will be communicating locally to each of you impacted what you can expect during the period of "non work" or furlough as it is called.

Whilst the GLT is meeting daily to plan for today and tomorrow, there are things we that do not know. For a start we do not know how long this situation will continue and for how long we can keep our DC operation going in the US particularly as the situation is escalating day by day.

We are extremely thankful for the commitment shown by everyone in the US DC – their continuing dedication to servicing the ongoing high demand in our largest market has meant that end of month performance for the Group is better than first feared. April onwards of course is less clear but a phased reactivation of delivery in our other markets together with the return of the Chinese operation to normal activity will be critical. We know that Colart is going to experience significant financial loss during this crisis, so every positive action counts to underpin the financial foundations to allow us come back stronger.

Any questions?

Naturally there are many questions in this world of unknowns and to help you, we have created a “go to” site on the intranet where you can find all communications, safety protocols and directions as well as some great articles, tips and techniques to help you navigate the situation. Visit [Navigating Covid-19](#) to find out more and keep telling us what else we can do to help. In the meantime, should you have any questions or concerns about the current situation please:-

1. Talk to your line manager
2. Send an email to people@colart.com giving your contact details so that your local HR business partner can contact you as soon as possible
3. Post the question on the new Q&A platform

Finally we cannot stress enough the importance of following the safety protocols for everyone in Colart and your families: As reminder please visit [this site](#) for further information on how to ensure protection against infection.

Finally, please stay connected and **STAY SAFE**

Regards,
Jane Beeston